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Message Text

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44
ACTION ARA-20

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E.O. 11652: N/A
TAGS: ELAB, AR
SUBJECT: LABOR IMPLICATIONS OF CLOSURE OF IKA-RENAULT AUTO-
MOBILE PLANT

SUMMARY. AUGUST 3 DECISION OF IKA-RENAULT COMPANY TO CLOSE
ITS CORDOBA PLANTS IN FACE OF OPERATING LOSSES AND TRADE
UNION PRESSURES IS LIKELY TO HAVE FAR REACHING IMPLICATIONS
FOR BOTH CORDOBA AND NATIONAL LABOR POLICIES. ECONOMIC IMPLI-
CATIONS APPEAR SERIOUS (SEPTEL), BUT IT IS HIGHLY UNLIKELY
THAT GOA WILL PERMIT INDEFINITE CLOSURE THIS IMPORTANT MANU-
FACTURING COMPLEX. FOLLOWING IS SUMMARY ACCOUNT OF LABOR
ACTIVITIES WHICH PRECIPITATED DECISION, AND CURRENT STATUS
OF LABOR EFFORTS TO RESOLVE DISPUTE. END SUMMARY.

1. IN SURPRISE MOVE AUGUST 3, IKA-RENAULT EFFECTED COMPANY
LOCKOUT OF ITS CORDOBA AUTOMOBILE AND RELATED PLANTS. NO INDI-
CATION WAS GIVEN OF PERMANENCY OF LOCKOUT, BUT COMPANY STATED
THAT IT UNABLE TO CONTINUE OPERATIONS UNDER EXISTING CONDITIONS.
CLOSURE DECISION WAS PRECIPITATED BY WORK SLOW-DOWN BY CORDOBA
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SMATA UNION MEMBERS, LED BY CLASSIST TROTSKYITE RENE SALAMANCA,

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IN SUPPORT DEMANDS FOR 60 PERCENT PAY INCREASE. SLOW-DOWN ACTIVITIES BEGAN JUNE 18, AND RESULTED IN PARTIAL SHUT-DOWN IKA-RENAULT PLANTS AND TEMPORARY SUSPENSION OVER 3,000 WORKERS. UNION CONTINUED PRESSURE DESPITE MINLABOR FINDING THAT SALARY DEMANDS AND ACTIVITIES WERE ILLEGAL AS THEY VIOLATED SOCIAL PACT WAGE FREEZE PROVISIONS. FOLLOWING MINLABOR THREAT TO WITH-DRAW LEGAL STATUS NATIONAL SMATA UNION, CORDOBA UNION DELE-GATION MET WEEK OF JULY 23 WITH MINLABOR OTERO AND NATIONAL SMATA SECGEN RODRIGUEZ, AND ATTENDED SPECIAL MEETING OF SMATA SECRETARIES GENERAL TO DISCUSS ISSUE. ALTHOUGH DELEGATION AGREED TO WITHDRAW SALARY DEMANDS FOLLOWING MEETINGS, GENERAL ASSEMBLY OF CORDOBA UNIONISTS REJECTED DECISION AND CONTINUED WORK SLOW-DOWN. AFTER UNIONISTS' LATER REJECTION OF IKA-RENAULT'S COMPROMISE OFFER OF SPECIAL BONUS AMOUNTING TO AVERAGE 15 PERCENT INCREASE, THE COMPANY ANNOUNCED
DECISION TO SUSPEND
OPERATIONS.

2. SALAMANCA'S REACTION TO CLOSURE ANNOUNCEMENT WAS TO ARRANGE A MEETING FOR AUGUST 5 IN BUENOS AIRES WITH NATIONAL SMATA LEADERSHIP TO SEEK NATIONAL SUPPORT HIS POSITION. HE ALSO ANNOUNCED AUGUST 5 ASSEMBLIES FOR WORKERS FROM THE CLOSED PLANTS AND AN AUGUST 6 GENERAL MEETING OF CORDOBA LEFTIST, COMBATIVE UNIONS. AT
E LATTER MEETING AN AUGUST 8 GENERAL
STRIKE WILL BE PROPOSED. TROTSKYITE LABOR LEADER AGUSTIN
TOSCOAN
RELATIVES
OF OTHER LEFTIST UNIONS, WHO WILL
ATTEND AUGUST 6 MEETING, SUPPORTED SALAMANCA AND BLAMED REACTIONARY IMPERIALISTS" FOR THE COMPANY'S ACTION. BOTH THE CORDOBA RADICAL PARTY AND THE ORTHODOX PERONIST LABOR SECTOR IN CORDOBA ANNOUNCED THEIR DISAGREEMENT WITH THE CLOSURE OF THE PLANT BECAUSE OF ITS EFFECT ON THE WORKERS. HOWEVER, THEY DID NOT ANNOUNCE THEIR SUPPORT FOR THE UNION'S POSITION. NOR IS THE NATIONAL ORTHODOX SMATA LEADERSHIP LIKELY TO GIVE THE LOCAL UNION THE TOTAL SUPPORT IT SEEKS. THE PLANTS ARE PRESENTLY BEING GUARDED BY THE NATIONAL GENDARMERIE TO AVOID THEIR SEIZURE BY THE WORKERS. THE GENDARMERIE'S PRESENCE HAS LED SOME NEWSMEN TO COMMENT ON THE POSSIBILITY OF ANOTHER
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"CORDOBAZO" TAKING PLACE UNLESS THE DISPUTE IS HANDLED WITH EXTREME CARE.

3. COMMENT. BY REFUSING TO AGREE TO THE DECISIONS OF THE NATIONAL SMATA UNION LEADERSHIP AND MINLABOR, SALAMANCA FORCED A SITUATION WHICH COULD LEAD TO A SHOWDOWN BETWEEN THE CORDOBA LEFTIST UNIONS AND THE NATIONAL ORTHODOX PERONISTS. IT APPEARS UNLIKELY THAT THE CORDOBA UNIONISTS WILL EASILY

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BACK AWAY FROM THEIR POSITION, AND IT IS EQUALLY UNLIKELY THAT THE GOA OR THE ORTHODOX LABOR LEADERSHIP WILL PERMIT SALAMANCA TO WIN SUCH A CONFRONTATION. THE GOA MUST RAPIDLY TAKE MEASURES WHICH WILL PERMIT THE RE-OPENING OF THE IKA-RENAULT PLANT, SO DECISIVE ACTIONS SHOULD BE FORTHCOMING WITHIN THE NEXT FEW DAYS. THE MANNER IN WHICH THE CONFLICT IS RESOLVED, WHETHER BY INTERVENTION OF THE UNION, ARRESTS AND OTHER REPRESENTATIVE ACTIONS, OR NEGOTIATED SETTLEMENTS, WILL HAVE FAR REACHING IMPLICATIONS FOR FUTURE LABOR POLICY AND CONFLICTS. DEVELOPMENTS WILL BE FOLLOWED CLOSELY AND REPORTED AS APPROPRIATE.
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